

State of the Union [Address] Drafts [1/19/78] [1]

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THE WHITE HOUSE
WASHINGTON

per stu eizenstat--

96% of all americans who pay taxes
will have their taxes cut.

(phrasing should be changed to
above instead of indicating
99% (which was in error) of all
american taxpayers.....since there
are 24 millino who earn money who
don't pay taxes because they're
below the level required)

THE WHITE HOUSE
WASHINGTON

1.9.77 [1978]

Mr. President--

I've passed on to you a first rough draft of the State of the Union.

Would you like me to go through another draft of it, based on comments from the staff, before you pay close attention to it, or should I wait for your general thoughts about this version?

Jim Fallows

THE WHITE HOUSE
WASHINGTON

Dr. Bagatzke is
still working on
free section of speech.

- SC

THE WHITE HOUSE
WASHINGTON

~~SUSAN:~~

Rich

I think this is something you might want to keep in your files rather than ours.

Eleanor
3/1/79

THE WHITE HOUSE

WASHINGTON

January 9, 1978

Sam
J

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *JF*
SUBJECT: State of the Union

Here is a first draft of the State of the Union speech, which the speechwriting staff worked up during the trip. We are passing it now to Jody, Stu, Charlie Schultze, etc, who I am sure will have comments. If you have time to look at this version and give general guidance, we would be grateful.

In particular we would welcome advice about foreign policy. Attached to the speech draft is the insert the NSC has prepared about foreign affairs. We have marked, on page two of the speech draft, the place where we would insert as much as you want to say about foreign policy. My own feeling, for what it is worth, is that you should make that section relatively brief, so that, in the aftermath of the trip, the speech will give the impression that you've "come home" to domestic issues once again.

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Mr. President, Mr. Speaker, members of the 95th Congress, ladies and gentlemen:

One year ago tomorrow, I walked from near this spot to the White House to take up the duties of the office of President of the United States. I return tonight to fulfill one of those Constitutional duties, to "give to the Congress information of the state of the Union."

I have learned much in that year, and one of the things I have learned is that whenever the President and the Congress meet, there will be somewhere between two and 536 opinions on the subject at hand.

But I think we will all agree tonight that the state of our Union is fundamentally sound. We are confident as a people and true to our best instincts in our dealings with the rest of the world. Most important of all, we are rediscovering the sense of the common good which binds us together in community.

That sense of the common good must inform all that we do for each other here at home. And it must equally be the basis of our relations with the other peoples with whom we share this planet.

That is why we are again proclaiming the messages of peace and human dignity which are our nation's heritage.

There were two moments on my recent journey which, for me, confirmed what the final aims of our foreign policy

must always be. One was in a village in India, where I saw people of a proud and generous spirit, whose children have a far smaller chance for health, education, and human fulfillment as a child born in this country. Yet those villagers are as passionately attached to their human rights and democratic liberties as we are to ours. The other was in Warsaw, capital of a nation twice devastated by war in this century. There, a brave people has rebuilt the city war's destruction had taken from them; but what was new only emphasized how much had been lost, and how strong is their determination that the cause of that destruction shall not be repeated. What I saw in those two places crystallized the purposes of our own country's policy: to ensure economic justice, to advance human rights, to solve conflicts without violence, and to proclaim our constant faith in the liberty and dignity of man.

The coming year will bring us challenges that will test our dedication to these purposes. The two most important foreign policy issues the Congress will have to decide this year will be the new treaty with Panama, and agreements with the Soviet Union about limitations on strategic arms. Both of these are crucial to our vision of a just and peaceful world.

I am deliberately not going to say any more about foreign policy tonight, because there comes a time when a

Foreign
Policy
Insur

President's highest obligation is to return home, in fact and in spirit, to talk about the things that are closest to the hearts of the American people, the things that affect us every day.

In the past year we have begun to take up many challenges that for too long went neglected.

You in the 95th Congress have passed more legislation in the first year of a new Administration than any Congress since the time of Franklin Roosevelt.

I know you are eager to keep up the momentum. So am I. And tonight I want to talk with you about our greatest domestic challenge, that of creating a just and prosperous economic order for our people.

Modern societies in every part of the world, in every stage of development, have no more difficult problem to cope with than that of economics. It is difficult not only because its technicalities are hard to understand, and not only because the rules of economic behavior have changed and changed again in the last four decades. What makes it most difficult of all is that it tests the basic nature of our social fabric. In a nation at war with itself, with interest contending against interest and no one defending the common good, economic well-being will be as elusive as peace in a

world of mistrust. Only when we learn to care for each other will we be able to care for ourselves.

What has given me most hope in this last year is that we are rediscovering the sense of community in America. We have always been a nation of proud, free individuals, whose freedom has been finest when we have tempered it with love and care for our neighbors. It is not ideology alone that will enable us to solve our economic problems, nor the dogma of any party, but by working together, and caring for one another, in the beloved community that is the United States.

What I want to do tonight is to explain, in terms that are straightforward and plain what, and why, we are trying to do to help the economy, and what we expect to accomplish.

There is a first step that all others depend upon. The Congress must pass a comprehensive energy bill. We are losing \$45 billion a year in payments for oil and gas to the OPEC countries. These are dollars which could be kept here at home and used by Americans to build more plants and provide more jobs. Until businessmen and consumers can find out what our national energy policy is, they will continue to hesitate and hold back on the spending and investment that ought to be revitalizing our economy right now. I urge you, the Members of Congress, to get a decent and effective bill passed ... soon.

We can then give undivided attention to the twin problems of unemployment and inflation. We have to deal with both problems together, making very careful adjustments in budgeting and taxes and government spending.

None of us wants to return to the double-digit inflation of three years ago, where every box on the grocery store shelf seemed to have half a dozen price stickers, each higher than the one before. Inflation dropped last year, but prices are still rising at a 6 per cent rate. Inflation is a hidden, silent, and very cruel tax. It is a breach of faith with those who must live on their savings or other fixed incomes,

because their money melts away while they are powerless to protect themselves. But it also hurts everyone else, including those who try to keep ahead by securing cost-of-living raises. With each one of these raises, a new round of inflation begins. At the end everyone has lost.

One way to hold down inflation is to hold down federal spending. To do that, I will propose a responsible budget for the coming Fiscal Year. I am determined to reduce the share of our national output that goes to federal spending. But exactly how quickly we can attain a balanced budget will depend on how rapidly the private economy recovers. If it recovers slowly, we will need to give it a boost by cutting taxes and returning federal revenues to consumers and businessmen. That will delay a balanced budget. If the economy recovers more quickly in the next few years, federal revenues will grow, and we will have a balanced budget sooner.

But there is a basic, persistent rate of inflation that reflects the fact that all of us have come to expect inflation. Workers ask for higher wages because they're afraid prices will rise, and companies raise prices to protect against expected wage increases. It's like escalation in the arms race, and nobody wants to disarm alone.

We have to stop this cycle of built-in inflationary expectations before it does any more harm to our economy, and our lives, and our personal plans and dreams.

Wage and price controls are not the answer. The economy is simply too complex for that, and except during war, controls have always failed. Instead I am proposing a gradual -- and voluntary -- slowdown of wage and price increases. I am asking that each major group within the economy -- businessmen, and labor unions, and all the rest of us -- bend every effort to see that price and cost increases in 1978 are less than they were in 1977. If we can meet this challenge, we will be on the way to achieving both high employment and stable prices. But we cannot do it unless we are willing to start caring about what happens to each other instead of just what happens to ourselves.

The problem of unemployment is equally serious.

During 1977, unemployment fell by more than a percentage point in the United States -- at a time when more and more women and young people were taking their places in the labor force, and a time when unemployment was actually rising in most of the industrial world. Four million new jobs were created last year in this country -- more than in any year in our history.

These trends are encouraging, but they will not continue unless we take strong action this year to make sure that they do. We still have a long way to go before we can be satisfied with the job our economy is doing for our people. At the

year's end, too many people were still out of work -- seven per cent of the labor force. It's worse than that for women, young people, and minorities. And it's much worse for black young people -- their unemployment is running at a rate of 40 per cent. Think about it. That is a national disgrace and an economic and social problem of the first rank.

Unemployment is not just figures on a page. Unemployment is human anguish. A man who gets laid off after ten or twenty years on the job is not seven per cent unemployed -- he's one hundred per cent unemployed. A woman who cannot find a job to help support her family suffers not only physical deprivation but also fear and insecurity. A young person who can't find that first job -- who feels shut out completely from the world of work and responsibility -- may soon become trapped in a vicious cycle of anger and hopelessness.

Because of the progress we have made since the time of the Great Depression, unemployment no longer means starvation. But it still causes suffering. It still robs its victims of self-respect and confidence. It still can destroy the hopes of people who want only to support themselves and their families through honest work.

And unemployment hurts us all, even those who have jobs.

When there is intense competition for jobs -- not just between individuals but between whole cities and sections of the country -- all the internal conflicts within our nation are worsened. Young and old, male and female, black, brown and white -- all have no choice but to compete for the few jobs that do open up. And cities, states and regions start trying to lure scarce investment dollars away from each other instead of devising ways they can cooperate for everybody's benefit.

The huge losses in income that unemployment brings with it create huge losses in public revenues -- while, at the same time, forcing up expenditures for unemployment compensation and welfare. This adds to the burden borne by those who do have jobs.

Unemployment can even damage the air we breathe and the water we drink. It does this by creating political pressures against environmental protection, based on the theory that the costs of reducing pollution must be met by eliminating jobs. That theory happens to be false -- but in a high employment economy, it wouldn't come up in the first place.

And finally, unemployment can undercut our efforts to build a more peaceful and stable world. Peace means ending the arms race -- and that means finding jobs for

people who now work in the industries which make weapons. That is much harder to do when there is already high unemployment. Peace also means working to narrow the gap between the rich and poor countries of the world -- and that means encouraging economic growth in the Third World. Higher incomes in the poorer countries would create big new markets for American goods -- but none of this will happen if American workers come to believe that growth abroad means that their jobs are going to be exported.

There are two basic kinds of unemployment. The first kind of unemployment is due to general economic sluggishness.

To fight the first kind of unemployment -- and to make sure that our economic recovery continues -- I will soon propose to the Congress a twenty-five-billion-dollar tax cut. About a third of this cut will be earmarked to encourage business and industry to increase job-creating investment. Two thirds of it -- fifteen and a half billion dollars -- will go to individuals, mostly lower and middle income families. Everybody's taxes will go down, except for taxpayers making more than \$200,000 a year: theirs will go up slightly. For a typical family of four earning \$15,000 a year, this will mean an extra \$ _____. I will also propose

eliminating the federal telephone tax entirely and reducing the Federal unemployment insurance tax.

We need these tax cuts not only to stimulate our economy, but also to compensate for two other factors: the tremendous drain on every family's budget that is caused by oil imports, and the coming increases in Social Security taxes, which are essential for continued benefits in the future.

Economic recovery, fueled by a tax cut, will put a lot of people back to work. But the second kind of unemployment -- the so-called structural unemployment whose victims are the people who have been left out of the structure of the economy, most of them young or female or members of racial minorities -- will persist even in an economy that the figures tell us is vigorous and growing.

A rising tide lifts all boats. But even the strongest tide can't lift a boat that's not in the water. There are too many Americans who have been left out of our economy -- and who, unless we act, will increasingly see themselves as left out of our society as well. We urgently need to take steps to bring them back in.

This is not a matter of helping some groups at the expense of others. The young people of our towns and cities are thirsting for work -- just look at the lines that form

at employment offices when jobs are posted. As members of a single community -- as citizens of a country that believes in human rights and fairness -- we all want each and every one of our fellow Americans to have a real chance in life.

Last year I proposed, and the Congress passed, an expansion of our public service employment programs from 300,000 to 725,000 jobs. Youth employment and work experience programs were also expanded. I will propose continuing and expanding these programs this year, and I will also suggest changes in the Comprehensive Employment and Training programs to improve our ability to direct them toward those who most need them.

But in the long run, additional public service jobs are not the answer to our youth unemployment problems. In our economy, five out of six new jobs come from the private sector. That is why I believe we must give the highest priority to enlisting the cooperation of private business firms in hiring those whose whole future may depend on it. We are developing a specific program to take the first steps in this direction, and I will present it to Congress by the end of next month.

The problem of youth unemployment, like the problem of combined unemployment and inflation, baffles the whole Western world.

The one thing we do know, is that only private business can provide the bulk of the jobs we need. And those jobs can only be created if business is encouraged to invest in new plants and equipment.

Our tax program will give businesses reasonable encouragement. For small businesses -- those with taxable incomes of up to \$50,000 -- I propose a drop in corporate tax rates of two percentage points this year. The rates for larger businesses would go down by three percentage points this year and another point in 1980. This will make more money available for expansion, and expansion means jobs.

I'm also proposing a number of adjustments to the investment tax credit -- to encourage businessmen to devote that newly available cash to the expansion our economy requires.

Altogether, these measures will mean that businessmen will have more cash on hand -- some \$7 billion in all -- and that investment in new plans and machines will be more attractive than before.

Recovery from the last recession has been slower than from previous ones. Unless we can create significant improvement in business investment over the next year or two, we will be in trouble as we approach high employment again -- which I hope will be at least by 1981.

Without a sharp increase in business investment, we will find ourselves in a position where there is more demand for the products of American industry than there are machines or plants to turn those products out. We could have shortages and production bottlenecks which would harm us all.

We must get away from the notion that business somehow stands apart from the rest of us -- that its interests are separate from everybody else's.

The truth is that the prosperity of business is the prosperity of us all.

The idea of lowering taxes for business isn't to let the rich get richer. It is to make more jobs and a sounder economy for all of us.

In times like these, tax cuts are part of tax reform. But they are not a substitute for tax reform. Eighteen months ago I told you that I had heard promises about tax reform all my life, but it never seemed to happen. And I said that with your help we could make it happen.

My greatest disappointment this year has been that the condition of the economy, and simple political realities, are not allowing me to move as quickly as I would have liked on the comprehensive tax reform I have promised for so long.

The package of reforms that I will submit this year will still be the most comprehensive ever introduced by any Administration. They will make the system fairer, simpler, and less burdensome to the average taxpayer. They will remove many of the special shelters and privileges that average citizens have not been able to enjoy.

Tax shelters and special privileges are wrong not just because they cost the government revenue. They are wrong because they damage the basic fabric of our society. They create a feeling among our people that the government -- rather than belonging to them -- is somehow separate from them and even their enemy.

This country was not created by people who evaded their responsibilities. It was founded by people who pledged their lives and their fortunes, who created a new nation not with the motto "no taxes", but with the cry "no taxation without representation." They asked only that they not be taxed unfairly without recourse.

It is essential that our tax system be just.

I still have three years to go in the term to which you elected me, and during that time comprehensive tax reform will have an honored place. You can depend on it.

The final step in creating a just economic order is to ensure protection for those Americans who are too old, or too poor, or too weak to support themselves alone. Genuine

reform of the welfare system can give them the help they need, while bringing legions of other Americans -- who can work -- back into productive jobs.

If there is time for the Congress to give concentrated attention to just one other subject, I believe that should be reform of the welfare system. Cosmetic changes are not enough. Last year I sent the Congress a plan to abolish our present welfare system completely and replace it with a simpler, fairer, and more effective program -- one which ensures that work will always be more profitable than welfare, treats the genuinely needy with compassion, reduces fraud, and encourages families to stay together.

As I said at the beginning, one of the things I have tried hardest to do this past year is to make government work better -- and by that I mean not only focusing its efforts where they can do the most good, but also getting it off people's back when it is doing more harm than good.

Our effort to make government work better needs to continue next year with such things as Labor Law reform, Airline deregulation, creation of an Office of Consumer Representation, and better safeguards on drilling in the outer continental shelf. The Congress has already started work on each of these, and I want to see passage of them in 1978.

Later this year I will submit my proposals for thoroughgoing reform of the Civil Service. The only way to make government work better is to make certain that we have the best people possible serving the public, and encourage them to give nothing less than their best efforts. Working for the government is a privilege that carries serious obligations and duties, and it never hurts to be reminded of that. The reforms I am going to propose will make the hiring process fairer and more efficient, and they will improve executive management so that people who do good work will be rewarded and people who don't, won't.

* * *

We have a great deal of work to do together, not only in the areas I have discussed tonight but in many others as well. In the end, how well we do that work will not depend on the specifics of this or that program. It will depend on the spirit with which we approach it. The real state of our Union is in the hearts of each of us who is a part of that Union. And the real question is whether we can bring forth the goodness and concern that is in our hearts and make it the basis of our common life.

If, as a people, we can temper the demands of special interest with a determination to do what is best for society

as a whole. I think we can begin to solve the problems that face us. Without that determination, we put the very soul of our nation at risk.

About a year and a half ago, a Member of this Congress summed up this challenge in words that touched and moved millions of Americans. She said:

Many seek only to satisfy their private wants, to satisfy private interests....But this is the great danger America faces. That we will cease to be one nation and become instead a collection of interest groups: city against suburb, region against region, individual against individual. Each seeking to satisfy private wants. If that happens, who then will speak for America? Who then will speak for the common good?

All of us here tonight -- and all who are listening in their homes -- need to rededicate ourselves to serving that common good.

A few minutes ago I used a phrase that expresses my feeling about both what America is -- and what America, at its best, can become. We are a beloved community, and if we act in that knowledge, we can move mountains.

#

Our alt. intro.

Mr. President, Mr. Speaker, Members of the 95th
Congress, ladies and gentlemen:

INSERT ONE

One year ago tomorrow, I walked from near this spot
to the White House to take up the duties, ~~under the~~
~~Constitution, of the office~~ of President of the United States.

I return tonight in fulfillment of one of the most important
of those duties, to "give to the Congress" -- and the
nation -- "information ^{on} of the state of the Union."

I have come to speak to you ^{about} of where we are, and
where we must go -- of what we have done, and what we must
do -- and I have come to pledge my best efforts, and to ask
you to pledge yours, [TO SERVING THE COUNTRY WE LOVE,
in rededicating ourselves to the highest
purposes of which we are capable.]

Each generation of Americans faces circumstances not
of its own choosing, by which its character is measured
and its spirit tested.

INSERT ONE

*the Senate lost
last week, a good and
honest man, Lee Metcalf of
Montana, and*

We come together tonight at a time of loss, today
the flag of the United States flew at half-staff from
this Capitol building and from American installations and
ships all over the world, in mourning for Senator Hubert
Humphrey.

Many of you in this room worked with him every day
for most of your adult lives, and you will miss him in a
special way. But his loss is felt just as keenly by millions
who never met him, but whose lives were touched and improved
by his.

Because he exemplified so well the joy and zest of
living, his death reminds each of us ^{not so much} of our own mortality,

~~But those same qualities of his also remind us of the~~
~~but of the~~ *offered to us by life.*
possibilities ~~that life offers.~~ Hubert Humphrey always

looked to the future with a particularly American kind of
Confidence and harmony, of
hope and enthusiasm. The best way we can honor him is by

following his example, ~~as we take up the tasks that lie~~

~~ahead of us.~~

*Let us also remember a man who was
never a candidate for President, who was not
so widely known, but who served his
state and his nation well. We mourn the loss of
Lee Metcalf*

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We cannot design our challenges, but we can determine the response we make. Whether our answers are fainthearted or courageous is entirely within our control.

If we respond timidly ~~[to the immediate pressures of the moment,]~~ ^{we} our children will ~~[have ample cause to]~~ regret our weakness. ~~[Only if we [summon the strength to]~~ do the most the circumstances require will we be judged to have been equal to our responsibilities.]

There are times of crisis, when a nation and its leaders must bring their energies to bear on a single urgent task.

That was the duty Lincoln faced when our land was *apart by Civil War.* torn ~~in two~~ ~~and~~ That was the duty twice faced by Franklin ~~D~~ Roosevelt: in 1933, when he ~~[undertook the challenge of]~~ leading America out of economic depression, and again in 1941, when he ~~[undertook the challenge of]~~ leading America to victory in war.

There are other times when no single overwhelming crisis ~~[dominates our vision]~~ -- yet profound national interests are nonetheless at stake.

At such times the risks of inaction are ^{also} ~~always~~ great. It becomes the task of leadership to call for ~~a~~ rededication to our national purpose -- and to seize the opportunity to channel ^{the} vast and restless energies of our people ~~toward~~ ^{to} building ~~ing~~ for the future.

That is what Harry Truman did in the years after the ^{World} War, when ^{we} ~~he~~ helped Europe and Japan rebuild themselves and secured an international order that has protected freedom from aggression.

[It is what ^{Andrew} Jackson did when he advanced a vision of popular democracy against the rise of corporate privilege -- what Theodore Roosevelt did when he put forward progressive reforms against the growing heartlessness of the Gilded Age --

what Woodrow Wilson did when he stood before the American people in 1913 and affirmed that "Our duty is to cleanse, to reconsider, to restore, to correct the evil without impairing the good, to purify every process of our common life."

We live in such times -- and face such duties -- now.

Militarily, politically, economically, and in spirit, the state of our Union is sound.

We are a great country, a strong country, a vital and dynamic country -- and so we will remain.

We are a confident people, a ^{working} loving people, a decent and compassionate people -- and so we will remain.

We have come through a long period of turmoil and doubt. We have once again found our moral bearings and we are striving to express ^{to} ~~are true to~~ our best instincts ~~in our dealings with~~ the rest of the world. ~~[We have peace not only abroad but also] at home and~~

P Because of our strength, we are at peace abroad. We are also at peace here *at home,*

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where we are rediscovering ~~[the sense of]~~ the common good
as a people.
that binds us together ~~[in community.]~~

For the first time in a generation, we are not
preoccupied with a ^{major} national crisis.

And ~~this means that we~~ ^{Together, we, now} have a ^{rare and} priceless opportunity
^{address} to ~~consider~~ the basic and enduring problems which ^{have long} burdened
us as a nation, ~~and to design answers that deal with them~~ ^{together to address}
~~which grew quietly and steadily over the years when we~~
~~fully and unflinchingly.~~ ^{were preoccupied with crisis.}

In this period of relative calm, ^{we have been given a} ~~we can~~ ^{chance to} cleanse, and to
reconsider, ^{to} and restore the things that have too long
been neglected. ~~We have been given~~

This success cannot be measured in programs,
legislation, or dollars. It is a success that belongs
to every individual American. There is across
this land an inner peace, triggered by a growing
unity in America. This unity towers over all
our efforts here in Washington, and serves as
an inspiring beacon for all of us elected to lead.

This new atmosphere demands new spirit - a newly
defined partnership between those who lead and those
who elect. The currencies of this partnership are truth,
the courage to face hard decisions, concern about one another,
and a basic faith and trust in the wisdom and strength of the American
people.

a chance to act-- to meet the needs of our people and to seek solutions to persistent problems. We must not let this chance slip away.

Many of the ^{se} problems [we must deal with] have burdened us for a long time. They are problems which grew, quietly and steadily, over years when our people were preoccupied with sudden and immediate crises. Some of them will never be fully behind us.

[I ~~recognize that we will not be~~ that we cannot be-- totally successful. But we must make the effort.]

We must make the effort--because if we do not aim for the best we can achieve--despite ~~all~~ our limitations, ^x and despite ~~all~~ our difficulties---we will achieve much less than we can. [§]

~~In this last year, I have sent the Congress many proposals~~
~~to deal with problems too long unaddressed,~~ ^{As President} I have asked
^{the members of Congress} you--and ^{you} the American people--to come to grips with ^{some of} the
hardest questions ^{facing} our society. ~~I ask that again~~

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Combine

~~tonight. I know of no way to face our problems, but to~~
face them.

I see no benefit to the country if we wait, for delay
would simply postpone ^{necessary} action. The problems ^{would} only
grow worse, the needed solutions more drastic.

cut [I hope that tonight we can offer each other the
patience and good will we must display if we are to
act while the time is opportune.]

We need patience and good will, but
But patience must not become indifference, and good

will must not become complacency.

[The process, I know, is lengthy and difficult. But
it is important for our answers to be strong and realistic.
So I extend my hand in a spirit of cooperation, and I
ask the same of you. In the words of the Bible, "Let us
not weary in well-doing; for in due season we shall reap,
if we faint not."]

[And if we are serious about providing fairness for our neighbors, opportunity for our children, and security for our nation in the next generation,] The first step we must take is to pass a national energy policy -- and to pass it now!

Day after day, month after month, our dependence on foreign oil drains from our economy resources we cannot afford to lose. Last year we spent \$45 billion for foreign oil. [This year, if we do not act, we will spend more. Our

huge trade deficits, ^{CS} [larger by the month,] can be no mystery, as long as we permit this hemorrhage to go on.] *The reason for*
Today - cut

This economic dependence ^{CS} on foreign oil slows our economic growth, ^{and} [aggravates inflation at home,] and erodes the value of the dollar overseas. ↓

We know we have to act. We know what we must do:

[Our national energy program must] increase energy production, promote
[lead to energy conservation, and shift [our] consumption [away

There is a limit to the role and function of government. It cannot solve all our problems, set all our goals, or define our vision. It cannot alone eliminate poverty, provide a bountiful economy, save cities, cure illiteracy, provide energy, nor mandate goodness. Only a true partnership among us all can hope to reach these goals.

Those who govern can sometimes inspire, identify needs, and marshal resources.

We must move away from crisis management and establish long range goals which will let us work with harmony and not dissention. Never again should we neglect an impending crisis like the shortage of energy, forcing harsh and painful solutions to avoid increasing agony. Now we must act immediately - all of us - to stop wasting energy, to increase domestic production, and to shift to fuels which are more permanent and plentiful.

I recognize the difficulties involved - I know it is not easy - but the fact remains that we have failed the American people. Five Almost five years after the oil embargo dramatized the problem, we still do not have a national energy program. Not much longer will

our nation tolerate this legislative stalemate.
We ~~can~~^{must} succeed, and we ~~will~~^{will}!

from scarce resources and ^{fuels} toward those which are more *permanent and*
plentiful. ^{we} [It] must be fair to our people, and consistent
with our long-range objectives for the economy and the budget.

INSERT TWO

[The only question left is when we'll act -- and the
answer must be now!]

The eyes of the nation -- indeed of the world -- are
upon those of us in this Chamber, the Congress and the
President, [as we hammer out the energy policy that our
people need. We have already forged a good partnership
to meet this responsibility. [§] Much [§] progress has been made.

[We are on the threshold of success. I believe we have the
wisdom, the courage, and the ability to pass this test of
our national will. [§] we cannot tolerate a stalemate.
We cannot, we must not, we will not fail!

Instead, consider (from Schlesinger + Today):

I recognize that this is a
complex problem, that much has been placed
on Congress' plate, that everyone has worked
hard. But when all is said and
done, we have not produced an energy bill.

INSERT TWO

As Lincoln ~~once~~ told the Congress in his second State of the Union Address, "We cannot escape history. We of this Congress and this Administration will be remembered in spite of ourselves. We, even we here, hold the power and bear the responsibility."

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[With the question of energy legislation resolved, we will be able to turn our full attention to other issues of fundamental importance to the economic future of our people.]

Our main task at home

[My ~~chief domestic priority~~ ^{with the} this year, once ~~an acceptable~~ ^{policy, its most crucial element,} energy ^{bill is passed,} is the economy -- to ensure that recovery is sustained, that unemployment ^{continues to} decreases, and that we ~~reduce~~ the rate of inflation, ^{is reduced.}

1977 was a good year for the ~~economy of the United States.~~ ^{We ~~next~~ reached all of our major economic goals.} Four million new jobs were created, and the number

of unemployed dropped by more than a million. ^{CS: Not since World War II} ~~Never before~~

has such a high proportion of our people been employed. ~~The unemployment rate is 1.4 points lower than on the day I was elected~~

During the last six months, ~~[we held]~~ inflation ~~[below]~~ five ^{CS} The rate of ^{CS} has declined, ~~+~~ ^{There was good growth in} per cent. Corporate profits last year increased by 11 and

~~a half per cent,~~ and business investments -- the source of more jobs for our workers, and a higher standard of living

for all our people. ^{CS: nine} ~~-- grew by [eight]~~ per cent.

^{Workers real wages} ~~increased by~~ ^{substantially} ~~after taxes~~ ^{four per cent}

CS: ~~rose over the past year by about six~~
~~Our national~~ [[] ~~product has been rising by about five~~ []]
~~per cent~~ [[] ~~a year~~ []] ^{our country} This year, we [^] will have the first two
trillion dollar economy in ^{the} our history [^] of the world.

We are proud of this progress, and determined to
sustain it.
^{But} The traditional tools of economics have failed us,
and ^{But} we still have ^{Severe} economic problems, which ^{all of us} ~~you~~ and

~~I~~ must address together. Our trade deficit is too large,
inflation is still too high, and too many Americans still
cannot find work. [[] ~~Unless we act, prudently and skillfully,~~
~~inflation could get worse as we take the step we all agree~~
~~we must -- getting our people back on the job.~~ []]

There are no simple answers for these problems. They
involve ^{complicated} questions of resources, of human behavior, of
historical change, that are beyond the power of any government
to control. But we have developed ^{Coordinated economic} a policy that will work,
because it is sensible, it is balanced, and it is fair.
It is based on these four principles:

. First, the economy must keep on expanding ~~strongly~~,
to produce the new jobs our people need. Only through steady
~~and~~ the fruits of growth must be widely shared. CS
growth can American workers enjoy higher real incomes, ~~and~~
~~Jobs~~ ^{will} be made available for those who have been by-passed
until now, and the tax system must be made fairer and simpler. CS

. Second, private business, not the government, must
~~[be responsible for]~~ leading the expansion.

. Third, we must lower the rate of inflation and
keep it down. Inflation ^{slows down} ~~impedes~~ economic growth, and it is
cruellest to the poor and ^{to the elderly and others} ~~those~~ who lived on fixed incomes.
~~such as the elderly.~~

. Fourth, we must ~~[make our income tax system fair,~~
~~pursue policies that contribute to the health~~
~~of the world economy. /CS says this order parallels~~
~~for a change.]~~ ~~economic message./~~

I will announce my proposals for ^{immediate} tax reform and tax
on Saturday, ~~and~~ take the first step toward
reduction ~~[tomorrow]~~ ^{this weekend.} ~~I will recommend that we [act on] income~~
~~tax reform now.~~ We can make our tax system fairer; we can
make it simpler and easier to understand; we can eliminate

unwarranted loopholes and special privileges; and at the same time we can -- and will -- reduce the tax burden on American citizens by \$25 billion!

The tax reductions ~~will~~ ^{are necessary to} help us continue the steady economic expansion that will create the jobs we need. Our

~~economy is strong and growing. But there are forces at work that would slow our growth substantially unless we act now to overcome them.~~

~~[Rising income and inflation continue to push taxpayers into higher tax brackets, a process which amounts to a hidden tax increase every year unlegislated, often unnoticed, and ^{CS} but completely unfair.] It is ^{a constantly increasing} a drag on the economy, and a source of frustration to our ^{middle income} citizens who see their income taxes rising faster than their income.]~~

Higher Social Security taxes, although vital to preserve the system from financial collapse, will add even more to the taxpayer's burden. ~~unless we act now.~~

Business investment is also growing too slowly. We need to increase business capital, so that our industries can build the new and modernized plants we need to avoid shortages and inflation in the future, and to create new jobs and

More than ^{7 CS} \$16 billion in income tax cuts will go to individuals. ^{American} Ninety-nine per cent of ~~the~~ taxpayers ~~in this~~ country will see their taxes go down. For a typical family

of four, ~~earning \$15,000 per year~~, this will mean an annual savings of ^{more than \$250.} \$258. ^{2 - CS} A further reduction of ~~\$2~~ billion in excise taxes will give additional relief and directly reduce the rate of inflation.

The rest of the total tax reduction will be cuts in business taxes, ^{to} [and will] provide additional incentives for investment.

~~These tax cuts will more than compensate for the necessary increases in Social Security to prevent bankruptcy of the Social Security system.~~
Our tax proposals will increase opportunity every-

where in this nation, ~~but because barriers of discrimination, disadvantage, lack of training, ignorance,~~ and regional change keep some of our citizens

~~from work even in good economic times,~~ ^{there must be} a second part of our economic package ^{we must also} ~~will be directed at creating~~ ^{additional} jobs for the

disadvantaged.

INSERT TWO A

We have passed laws to assure equal access to the voting booth, the restaurant, to housing, and to jobs. But unless there is actual job opportunity, -- the chance to earn a decent living -- the other rights mean very little.

(~~Stu's staff recommends~~)

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ok
J

January 13, 1978

A major priority for our nation is the final elimination of barriers that restrict the opportunities available to Black people and other minorities. We have come a long way toward that goal. There is still much to do. The legacy of the past must not be permitted to hamper our future. Our commitment to equal opportunity is undiminished. Our resolve to build an America in which all of our citizens freely enjoy the benefits and responsibilities of democracy is unshakeable.

✓ Jordan

-13-

still strong
There are [^]barriers in our country -- against black Americans, against Mexican Americans, against other minority groups, ~~and~~ and against women, ~~who are a majority.~~ These -- barriers ^{which} keep them from full participation in the economic life of our nation, ~~and~~ we have let those ^{discriminatory} barriers stand too long!

*Today - leave
in first
sentence,
cut
second.*

~~We've made a good start toward removing them, but their rubble still stands too high. As long as they remain, we all suffer. every one of us suffers.~~

INSERT TWO A

This administration's commitment to equal opportunity is undiminished. Our resolve to build an America in which all our citizens freely enjoy the benefits and ^{responsibilities} ~~burdens~~ of democracy is unshakeable.

can enhance harmony among our people,

We ~~can~~ honor our commitment -- and honor one of the most beloved leaders in the history of our nation -- by passing the Humphrey-Hawkins bill this year!

In our free economy, private business is still the best new source of jobs. Therefore, I will ~~shortly~~ propose to the Congress a new ~~\$500 million~~ program which, working in cooperation with the business community, will provide incentives for businesses to hire young and disadvantaged Americans. These young people only need skills -- and a chance -- in order to take their place in our economic system. Let's give them the chance they need!

I am also recommending that the Congress continue the public service employment programs at ~~a level of 725,000~~ -- more than twice the level of a year ago. I am ~~also~~ asking

for a substantial increase in funds for public jobs for our young people, *and for the when welfare reform is completed for* ~~I have also proposed~~ creation of 1.4 million

jobs for those on welfare, *who are able to work.*

My budget for 1979 ^{is} lean and tight, but it

addresses our national needs,

It proposes ^{increased} expenditures of ~~about \$500 billion,~~

~~which represents a growth,~~ after adjusting for inflation,

of less than two per cent -- the smallest growth in the

federal budget in four years.

I have cut waste wherever I could.

Over the past few years,

~~[While this year's]~~ Federal spending ^{*has grown steadily to*} will absorb

too much of what Americans produce. That is too high.
~~almost 23 per cent of our gross national product, [the figure]~~

~~The budget shows~~

~~AI propose for 1979 will decline to 22 per cent. Next year~~

I hope to bring the government's share down even further.

We will reverse that trend in the coming year, and later I hope to bring the government's share down even further.

- MORE -

Next year

[^] The ~~1979~~ budget deficit will be only slightly less than ~~the deficit of~~ this fiscal year -- but would have been \$15 - 20 billion smaller without the ^{necessary} ~~proposed~~ tax cuts, I ^{have} ~~proposed~~.

~~I do not accept large deficits~~ In time of high employment, ^{deficit spending should not be a} ~~as a permanent~~ feature of our budget. As the economy

continues to gain strength, and our unemployment rates ^{revenues will grow. With careful planning, efficient management, and proper restraint on} continue to fall, ~~we must cut~~ expenditures ^{and move toward} ~~and move toward~~ a balanced budget. ^{we can rapidly}

~~But~~ This year the right choice -- the only proper choice -- is to ~~spend more than we take in, so that we can~~ reduce the burdens on taxpayers, ensure a vigorous economy, and keep the unemployment rate going down.

The third element in our program is a renewed attack on inflation. ^{CS} ~~For more than a decade,~~ ~~we~~ have learned that

high unemployment will not free us from inflation; ^{late} ~~we~~ have

^{CS} had ~~grown accustomed~~ to enduring both evils at once. ~~We have~~

^{a policy} ~~also learned that~~ ~~we come closest to success when we find~~ ~~policies that cope with both problems, instead~~ of playing

~~one off against the other~~ ^{Government} ~~can help to~~
maintain a ^{economic} responsible budgetary policy, both of them essential to

sustained growth, ~~are also fundamental elements in our fight~~
Government ^{must have a responsible economic policy and} must do a better job of
~~against inflation~~ reducing excessive regulation that drives ^{CS} up costs and prices.

But government alone cannot bring down the rate of
inflation, ^{everyone has CS} ~~once all of us have come to expect~~ a high rate of inflation ^{is expected}

continue, ^{higher} workers demand wage increases as protection against
CS ^{past and expected} the price increases they expect in the future, while Companies

raise prices to protect their profit margins against ^{past and prospective} increases

^{while} in wages and other costs, It's like escalation in the arms
race, and, understandably, no one wants to disarm alone.

No one firm or group of workers can halt this process.

It is ^{an} ~~one of many~~ efforts we must make together, ~~if any of us~~
~~are to succeed.~~ ^{government,} I am therefore asking business, labor, and

other groups to join in a voluntary program to moderate

CS I am asking
inflation. / ~~Those who make wage and price decisions must to~~
~~in each industry~~

^{by reducing} reduce the rate of wage and price increases in 1978 below

averaged
the rates ^{CS} each group had in the last two years.

CS - says we should cut -18-
because we may fail

[The success or failure of this effort will largely
determine our success or failure in avoiding another round
of inflation -- and so we must succeed!]

[The entire economy will gain from general cooperation
in this program. The real income of workers will go up,
profits will improve, and we will make real progress toward
both high employment and stable prices. ^{This} My ~~call for~~ voluntary
cooperation on an industry by industry basis will test our
capacity to work together.]

I do not believe in [mandatory] wage and price controls.

My proposals provide a way to achieve results with ^{out} govern-
^{interference or} ment coercion, -- (perhaps the only way).

CS
recommends
insert
three

[While strengthening our own prosperity, a responsible
economic policy will also promote stable, non-inflationary
growth throughout the world, in industrialized and developing
countries alike.

A keystone of our international economic policy is to
work with our trading partners to protect a free and open

INSERT THREE

A successful economic program at home is also the key to success in our international policy. Adopting an effective energy program, encouraging investment and productivity, and controlling inflation will improve our balance of payment position and protect the integrity of the dollar overseas. A strong U.S. economy will promote recovery throughout the world.

By working closely with our friends abroad we can promote the health of all of our nations, ^{and conclude} ~~At the~~ ~~Multilateral Trade Negotiations in Geneva we are committed to the successful conclusion of a set of~~ fair and balanced agreements lowering ~~the~~ barriers to trade. ^I ~~urge the~~ ~~Congress to act promptly to approve the United States' participation in the new Supplementary Financing Facility of the International Monetary System, to strengthen the world financial system.~~ }

trading system. I will firmly resist the demands for

protectionism. ^{Even as the pressures} that inevitably develop when the world economy

suffers from high unemployment, as it does today. ^{But free trade}
^{must also be fair trade. I will protect American industry and}
^{workers against unfair or illegal foreign trade practices.}
In our other domestic initiatives, our aim will be [the

~~same as in our economy policy.~~] to deal with the questions

that have been too long neglected, to seize the opportunity

to correct mistakes and ^{to} prepare for a better future. We will

be working to reform our welfare system, and to begin

^{an urban policy and}
considering a national health care system. We will seek reform

of our labor laws, and the establishment of an agency to

protect the nation's consumers. We will reform our programs

of nuclear licensing, crop insurance, and leasing on the
^{and improve the basic skills of our children}
^{with a major education initiative}
outer continental shelf. /

- INSERT FOUR -

(Pause.)

^{During}
We have seen, these past years, our government grow

far from us.

^{for the average citizen}

It has become like a foreign country, so strange and

difficult that often we have to deal with it through trained

INSERT FOUR

And we will seek to preserve our last great frontier wilderness by creating national parks and wildlife refuges from 92 million acres of Alaskan public lands. Not since the days of Theodore Roosevelt and Gifford Pinchot ~~has~~ *have* ~~there been~~ *we had* such an opportunity *to protect and preserve* ~~for courage on behalf of our~~ natural heritage, -- ~~no step the Congress could take that would do more for conservation.~~

ambassadors -- lawyers, lobbyists, and accountants.

This cannot go on.

We must have what Abraham Lincoln sought -- a government for the people.

And you in the Congress have helped me make progress toward that kind of government. You have given me the authority I requested to reorganize the Federal government bureaucracy, and I ^{am using} ~~have used~~ it.

We have already completed work ^{three} ~~on several~~ reorganization plans, and I will present several others to the Congress for action this year.

We have proposed ^{abolishing} ~~abolishment of~~ almost 500 advisory commissions and boards.

^{But our people are still sick and tired of federal paperwork and red tape.}
Bit by bit we are chopping down the thicket of unnecessary

Federal regulations by which government too often interferes in our personal lives and business. OSHA alone has eliminated ^{more than a thousand} ~~1,100~~ unneeded regulations, and over-all we have cut the public's paperwork load by 12 per cent.

The gobbledegook of
We have made a good start on turning Federal regulations
into plain English that people can understand, *but we still have*
a long way to go.
parts of

We have brought together *eleven* government agencies to
create the new Department of Energy -- and now it is time to
take another major step by creating a *separate* Department of Education.

Next month, I will submit to Congress a ~~reorganization~~
plan to ~~strengthen the national commitment to~~ *reduce* and discrimination
in employment, *and other plans will be submitted* ~~Later this year, we will work with Congress~~
~~in reorganizing our education, natural resources, and law~~
~~enforcement programs.~~

But even the best-organized government will only be as
effective as the people who carry out its policies.

For this reason, I consider Civil Service reform to be
absolutely vital.

[I will soon submit to Congress the most sweeping changes
in Civil Service since the system was established nearly one
hundred years ago.] *Worked out with the civil servants*
themselves,

These changes will reward excellence by restoring the
merit principle to a system which has grown, over the years,

into a bureaucratic maze.

*This will protect our civil servants,
provide greater management flexibility and
provide increase incentives for good performance.
That is*

Then and only then can we have a government, efficient,
open, and ^{truly} worthy of our people's ^{understanding and} respect.

I have promised we will have such a government.

I will keep that promise.

(Pause....)

INSERT FIVE (could replace next ² paragraphs)

[In our foreign policy as well, this estrangement
between the people and the government of the United States
has in the past been a crippling weakness.

How could people trust a government which had
trusted them so little?

I determined to restore that trust by talking frankly
and openly about foreign policy, both with Congress and with
the people. [*If we err in this administration,
it will be on the
side of darkness and openness*

In a democratic system like ours, foreign policy must
be able to stand the test of public debate. Only this way
can it earn -- or deserve -- the public support and

INSERT FIVE (FROM PREVIOUS DRAFT)

The ultimate duty of any government is to protect the safety and security of the people it serves. In our world -- a world in which the deaths of millions and the ruin of great cities can be the work of a few terrifying seconds of destruction -- the path to safety and security is identical with the path to peace.

So I am grateful to be able to report to you tonight that our nation is at peace with the world. No immediate crisis threatens the lives of our people or the existence of our nation. And we have turned our energies toward lessening the danger of war in the future, by seeking the channel global change in a way that strengthens the values to which we are dedicated.

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~~We expect~~

We are strong and confident. We have
established a moral basis for our foreign policy. ~~The~~
~~Our Committee~~ The heart of our identity as
a nation is our commitment to human rights.

Tonight our nation is at peace with
the world.

In our modern world when the
deaths of millions can result from a few
terrifying seconds of destruction, the national
strength and security is identified with the
path to peace.

In our foreign policy, this organization
of our people from the government has been
a source of weakness and mistakes ever. In
a democratic system like ours, foreign policy
decisions must be able to stand the test
of public scrutiny and debate. If we are
in this administration it will be on the
side of frankness and openness.

necessary to
understanding without which it cannot be effective in
bringing us world stability and peace.

cut if use
insert

[I am grateful to be able to report to you tonight that
our nation is, indeed, at peace with the world.]

Charleston
We have restored a moral grounding to our foreign
ZB: This has been our foremost goal. I deeply believe that a
policy: ~~that~~ commitment to the defense of human rights
which is at the heart of our very identity as a nation.

~~we will persist.~~ ZB

We expect no quick or easy results, but ~~already, in~~

Salvador
~~perhaps a score of countries~~ *[]* there has been *some* movement toward
greater freedom and humanity *in some parts of the world*
~~in a number of countries.~~ ZB

Thousands of political prisoners have been freed --
ten thousand in Indonesia alone. The *leaders* ~~governments~~ of the
world -- even our ideological adversaries -- *now* ~~have come to~~
see that *protection* ~~observance~~ of fundamental human rights ~~now~~ affects
their standing in the international community and their
relations with the United States.

*The cause of human rights will never
die!*

The Congress has stood strongly by us in the fight for human rights. The American people, tired of cynicism in our foreign affairs, have stood strongly by us.

They don't like [*We will continue to stand together to prove*
~~I will continue to be worthy of that support. You~~
to the world that human rights is America's business.
~~have my promise.~~]

(PAUSE)

But the moral basis of our foreign policy is ^{suspect} undermined when we are at the same time the principal arms merchant in of the world.

~~And so~~ We have decided to cut down our arms transfers abroad, on a year-by-year basis, and to work with other

major arms exporters to reduce this deadly traffic.

We are also cooperating more fully
A ~~Our second goal is to strengthen cooperation with our allies.~~ *28*
A ~~In the coming year, our foreign policy will pursue a~~

~~number of other goals as well.~~]

~~We will~~ ^{continue to} ~~work closely with~~ ^{them} ~~our allies~~] to ^{promote our security} ~~solve political~~ *28*
^{enhance} ~~problems~~] and to ^{promote}] world economic growth and stability.

don't need

With
[Last May I met the leaders of the other major industrial
plan
democracies to help [chart] economic recovery, and this year I
plan to
will go again to Europe for an economic summit meeting.]

Last
with the help of others
~~During the~~ fall, we succeeded in our vigorous efforts

to maintain stability in the price of oil. We have begun
to improve our trading relationships with Japan. We have
reaffirmed our commitment to the security of Europe, and
this year we will demonstrate that commitment by modernizing
and strengthening our defense capabilities there.

first?
~~Our [second] goal is~~ *third* *We are working trying* to develop a more just international

system. In this spirit, we have aligned ourselves with the
struggle for human development in Asia, Africa, and Latin
America.

~~And~~ *✓* We are changing the emphasis of our assistance
programs so that as much of our aid as possible goes toward
meeting the simple human needs of the world's poor for *food* ~~enough~~
~~to eat~~, for shelter, for basic education, and for health care.

^{fourth} *We are working hard*
Our ~~[third]~~ goal is [^] to promote peaceful reconciliation
in those parts of the world where major ~~conflicts~~ ^{differences} could
threaten international peace.

In the Middle East, President Sadat has taken a bold
initiative in going to Jerusalem -- and Prime Minister Begin
is moving to take advantage of this historic opportunity for
a comprehensive peace. We are contributing our good offices
to maintain the momentum of the current negotiations -- and
to keep ^{open} the lines of communications among the Middle East
leaders, ~~open and uninterrupted~~. The whole world has a great
stake in the success of these efforts. This is a precious
historic ^{ZB}
opportunity for the ~~[courageous]~~ ^{settlement} accommodation of long-standing
conflicting ideas -- *an opportunity which may not
come again in our lifetime.*
^{don't need} [In Southern Africa, we have also worked to develop
plans which offer the interested parties a fair opportunity for
accommodation. For the peoples of the area, we seek a genuine
chance for governments based on free elections and majority rule.]

~~Regional reconciliation is our goal in Panama as well.~~

Panama Canal
The treaties now before the Senate are the culmination of the work of six Administrations, three Democratic and three

Republican. The treaties provide that the Panama Canal, ~~a tremendous achievement of American engineering~~, will be open

always for unrestricted use by the ships of the world. Our

own ships have the right to ^{priority of} ~~expeditious~~ passage in times of

need or emergency, and we have the right to defend the canal

with our military forces if necessary
~~if necessary~~ to guarantee its openness and neutrality. The

treaties are to the clear advantage of ourselves, the Panamanians,

and the other ^{users of the} canal users. ~~[Urge]~~ The Senate ^{'s ratification of the} ~~[to ratify the]~~

Panama Canal Treaties ~~[without delay]~~ will show our good faith to the world.

Our fifth

contain and limit ZB

[A fourth] goal is to [secure peace by making our] strategic competition

[posture more stable.] < between the superpowers.

INSERT SIX -- ZB

The Strategic Arms Limitation Talks have been difficult and prolonged. [We are negotiating from a position of strength,

without haste and with careful determination.] We want a mutual

limit on both qualitative and quantitative improvements in the

INSERT SIX

I have confidence in our nation's capacity to maintain its security and promote its interests. I have taken steps to strengthen NATO, to enhance our ability to respond rapidly to crises, and to modernize our military forces. We are therefore negotiating -- with quiet confidence, without haste, with careful determination -- for limits in strategic arms.

(ZB feels this will toughen the defense tone)

We will continue our peaceful competition with the Soviet Union, and we will hold our own.

At the same time, we are negotiating with quiet confidence, without haste, with careful determination - to ease the tensions between us and to insure greater stability and security.

The Strategic Arms Limitation Talks have been difficult and prolonged. We want a mutual limit on both the quality and quantity of the giant nuclear arsenals of both nations --

~~giant nuclear arsenals of both nations~~ and then actual reductions in strategic arms capability as a major step toward ultimate elimination of nuclear weapons from the face of the earth.

If the talks result in an agreement this year -- and I

^{trust ZB}
[believe] they will -- I [make a] pledge to you,

[My pledge is] that the agreement will maintain, ^{and enhance} the security of the United States -- and ~~will enhance~~ the stability of the world's strategic balance.

~~[We are also making progress toward a comprehensive ban on nuclear explosions.]~~

For 30 years, concerted efforts have been made to ban the testing of atomic explosives -- both military weapons and peaceful nuclear devices. -- And for 30 years that objective has eluded us.

But now we are hard at work with Great Britain and the Soviet Union to reach an agreement which ^{will stop all testing,} will protect our national security and ^{will} provide for adequate verifications of

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compliance.

And we are working vigorously ^{with other nations} to halt proliferation of nuclear weapons ^{among other nations of the world.}

(PAUSE)

There were two moments on my recent journey which, for me, confirmed what the final aims of our foreign policy must always be. One was in a village in India, where I met people as passionately attached to their rights and liberties as we are -- but whose children have a far smaller chance for health, education, and human fulfillment than a child born in this country. The other was in Warsaw, capital of a nation twice devastated by war in this century. There, ~~a brave~~ people ^{have} ~~has~~ rebuilt the city, ^{which} war's destruction took from them; but what was new only emphasized how much had been lost. What I saw in those two places crystallized the purposes of our own country's policy: to ensure economic justice, to advance human rights, to solve conflicts without violence, and to proclaim our constant faith in the liberty and dignity of ^{human beings everywhere.} ~~mankind.~~

* * * * *

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Americans
We have a great deal of work to do together.

In the end, how well we do that work will depend on the spirit in which we approach it.

We must seek fresh answers, unhindered by the stale and backward-looking prescriptions that are offered in the name of "liberalism" and "conservatism."

We must temper the demands of special interest with an understanding of what is right for society as a whole.

We must bring forth the goodness and concern and commitment that are within us and make them the basis of our common life.

That will take nothing less than the new spirit I have asked for tonight. Without it we put the very soul of our Nation at risk.

It has been said that our best years are behind us, but I say again that our Nation's best is still ahead. As

we emerge from our bitter experiences with Viet Nam and
Watergate we are chastened but proud, confident once again,
ready to face challenges once again, *united once again* ~~ready to meet our~~
~~problems head on again.~~

Our task, in the words of ~~one of the best Americans~~
~~ever to walk among us~~, Hubert Humphrey, is "reconciliation,
rebuilding, and rebirth."

Reconciliation of private needs and interests into
a higher purpose.

Rebuilding the old dreams of justice and liberty,
of country and community.

Rebirth of our faith in the common good.

Each of us here tonight -- and all who are listening in
their homes -- need to rededicate ourselves to serving the
common good. We are a community, a beloved community, the
greatest and the least of us; our fates are linked; our

futures intertwined; and if we act in that knowledge, we
can move mountains.

*and with a
new spirit*

#

into a bureaucratic maze.

Then and only then can we have a government^{that is} efficient,
open, and^{truly} worthy of our people's^{understanding and} respect.

I have promised we will have such a government.

I will keep that promise.

(Pause.....)

In our foreign policy as well, this estrangement
between the people and the government of the United States
has in the past been a crippling weakness.

How could people trust a government which had
trusted them so little?

I determined to restore that trust by talking frankly
and openly about foreign policy, both with Congress and with
the people.

In a democratic system like ours, foreign policy must
be able to stand the test of public debate. Only this way
can it earn -- or deserve -- the public support and

understanding necessary to bring us world stability and peace.

I am grateful to be able to report to you tonight that our nation is, indeed, at peace with the world.

We have restored a moral grounding to our foreign policy: that commitment to the defense of human rights which is at the heart of our very identity as a nation.

We expect no quick or easy results. Nor do we claim credit for the actions of other governments. But already, in several countries, there has been movement toward greater freedom and humanity.

Thousands of political prisoners have been freed -- ten thousand in Indonesia alone. The ^{leaders} ~~governments~~ of the world -- even our ideological adversaries -- have come to see that ^{protection} ~~observance~~ of fundamental human rights ~~now~~ affects their standing in the international community and their relations with the United States.

~~The cause of human rights~~
~~will never die!~~

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~~The Congress has stood strongly by us in the fight for human rights. The American people, tired of cynicism in our foreign affairs, have stood strongly by us.~~

~~We will continue to stand together to prove to the world that human rights is America's business -- as it is the business of nations everywhere.~~

We stand for human rights because we believe that the purpose of government is to promote the well-being of individuals. This is true in our foreign as well as our domestic policies.

The cause of human rights will never die!

To serve the interests of every American, our foreign policy has three ^{main} goals.

stut

Our first concern, like that of previous administrations, is and will remain the security of every American.

Security is based on the strength of our armed forces.

we have reaffirmed our commitment to us
And we are strong. ~~This year, we will continue to modernize~~

Security of Europe & Asia *315*
both our conventional and our strategic forces, and I am

requesting in my new budget those funds necessary to do so in the next fiscal year.

Security also comes through the strength of our alliances. We have reaffirmed our commitment to the security of Europe, and this year we will demonstrate that commitment by modernizing and strengthening our defense capabilities there.

And our security is enhanced by arms control measures that reduce the chances of nuclear disaster while maintaining our relative strength.

We will continue our peaceful course (p 33) ->
The Strategic Arms Limitation Talks have been difficult *to get re talks - 34 ->* and prolonged. ~~We are negotiating from a position of strength, without haste and with careful determination.~~ We want ~~a mutual limit on both qualitative and quantitative improvements in the giant nuclear arsenals of both nations -- and then actual reductions in strategic arms capability as a major step toward ultimate elimination of nuclear weapons from the face of the earth.~~

If the talks result in an agreement this year -- and I believe they will -- I make a pledge to you.

My pledge is that the agreement will strengthen the security of the United States -- and will enhance the stability of the world's strategic balance.

* * *

We are also making progress toward a comprehensive ban on nuclear explosions.

For 30 years, concerted efforts have been made to ban the testing of atomic explosives -- both military weapons and peaceful nuclear devices. And for 30 years that objective has eluded us.

But now we are hard at work with Great Britain and the Soviet Union to reach an agreement which will protect our national security and provide for adequate verification of compliance. *And we are working vigorously... #357*

~~We are also working vigorously to halt the proliferation of nuclear weapons and reduce the deadly global traffic in~~

*Asht
C-55
+ record*

~~conventional arms sales.~~ Our stand for peace is suspect if we are also principal arms merchant of the world. ~~and~~ we have decided to cut down our arms transfers abroad, on a year-by-year basis, and to work with other major arms exporters to encourage their restraint.

~~must~~ Every American also has a stake in our second ^{major} goal -- a world at peace. In a nuclear age, each of us is threatened when peace is not secured. ^{new}

^{are working hard}
We ~~therefore seek~~ to promote peaceful reconciliation in those parts of the world ^{where major differences} ~~that live with the specter of major~~ ^{threaten international peace.} conflicts.

In the Middle East, President Sadat has taken a bold initiative in going to Jerusalem -- and Prime Minister Begin is moving to take advantage of this historic opportunity for a comprehensive peace. We are contributing our good offices to maintain the momentum of the current negotiations -- and to keep ^{open} the lines of communications among the Middle East leaders, ~~open and uninterrupted.~~ The whole world has a great

stake in the success of these efforts. This is a precious

opportunity for the ^{historic} ~~courageous~~ settlement of a long-standing ~~dispute.~~ ^{conflicting ideas -- an opportunity which} ~~may not come again in our lifetime.~~

~~In Southern Africa, we have also worked to develop~~
~~plans which offer the interested parties a fair opportunity~~
~~for accommodation. For the peoples of the area, we seek a~~
~~genuine chance for government based on free elections and~~
~~majority rule.~~

Our third ^{major} foreign policy goal is one that touches the
life of every one of our citizens, every day: ^{global} ~~global~~ ^{world} ~~would~~
economic growth and stability.

This requires strong economic performance by the indus-
trialized democracies. ~~Last May I met with the leaders of~~ ^{and}
our European allies to help chart our economic recovery, and
this year I plan to go again to Europe for an economic summit
meeting. We have also begun to improve our trading relation-
ships with Japan.

~~This goal also requires~~ progress in resolving the global energy crisis. Last fall, with the help of others, we succeeded in our vigorous efforts to maintain stability in the price of oil. But as many foreign leaders who share our concerns have emphasized, the greatest future contribution America can make would be an effective energy conservation program.

Americans will benefit, as well, from progress at the multilateral trade negotiations. We will continue to protect American industries and American workers from unfair foreign competition. We must also seek new markets by helping reduce the restrictions on world trade. A return to protectionism would threaten the livelihoods of millions of Americans. [One out of every eight of our manufacturing jobs, one out of every three acres of American farmland, and almost one third of U.S. corporate profits now depend on exports.]

In the long run, a strong international economy must reflect a just international system. In this spirit, we have aligned ourselves with the struggle for human development in Asia, Africa, and Latin America.

Sep 31

We are changing the emphasis of our assistance programs so that as much of our aid as possible goes toward meeting the simple human needs of the world's poor for enough to eat, for shelter, for basic education, and for health care.

(PAUSE)

We can make progress on all these issues, if America plays the constructive role its international leadership requires. I am confident that the Congress will work with the Administration in responding to this challenge.

The world is watching to see how we act on one of our first items of business: approval of the Panama Canal Treaties.

Panama Canal now before the Senate
These treaties are the culmination of the work of six

Administrations, three Democratic and three Republican.

The Treaties

~~They~~ provide that the ~~Panama~~ Canal, a
tremendous achievement of American engineering, will be
open always for unrestricted use by the ships of the
world. Our own ships have the right to ~~expeditious~~ *expeditious* passage
in times of need or emergency, *and we have the right*

See p 22 ~~last~~
33-CDT
~~And be in no doubt that we have the right to defend~~
the canal ~~if necessary to guarantee its openness and~~
~~neutrality.~~ ¶ The treaties are to the clear advantage of
ourselves, the Panamanians, and the other users of the
canal.

's
~~I urge~~ the Senate ~~to~~ *ratify* the Panama Canal ~~Treaties~~
~~without delay.~~ *will show our good faith to the world.*

(PAUSE)

There were two moments on my recent journey which, for me, confirmed what the final aims of our foreign policy must always be. One was in a village in India, where I met people as passionately attached to their rights and liberties as we are -- but whose children have a far smaller chance for health, education, and human fulfillment than a child born in this country. The other was in Warsaw, capital of a nation twice devastated by war in this century. There, ~~A~~ brave people ^{have} rebuilt the city, ^{which} war's destruction took from them; but what was new only emphasized how much had been lost. What I saw in those two places crystallized the purposes of our own country's policy: to ensure economic justice, to advance human rights, to solve conflicts without violence, and to proclaim our constant faith in the liberty and dignity of every human being.

* * * * *

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We have a great deal of work to do together.

In the end, how well we do that work will not depend on the specifics of ^{particular} ~~this or that~~ program. It will depend on the spirit with which we approach ^{the future.} ~~it~~. The real state of the Union is in the hearts of each of us who is a part of that Union. And the real question is whether we can bring forth the goodness and concern and commitment that are within us and make them the basis of our common life.

If, as a people, we can seize the opportunity the times have given us -- if we can temper the demands of special interest with a determination to do what is best for society as a whole -- I think we can begin to solve the problems that ^{skill} ~~face~~ us. Without that determination, we put the very soul of our nation at risk.

About a year and a half ago, a Member of this Congress summed up this challenge in words that touched and moved millions of Americans. She said:

Many seek only to satisfy their private wants,
to satisfy private interests ... But this is the
great danger America faces. That we will cease to
be one nation and become instead a collection of
interest groups: city against suburb, region
against region, individual against individual. Each
seeking to satisfy private wants. If that happens,
who then will speak for America? Who then will speak
for the common good?

All of us here tonight -- and all who are listening in
their homes -- need to rededicate ourselves to serving that
common good. We are a community, a beloved community, the
greatest and the least of us; our fates are linked, our
futures intertwined; and if we act in that knowledge, we
can move mountains.

#

Draft 6
1/18/78

Mr. President, Mr. Speaker, Members of the 95th
Congress, ladies and gentlemen:

We come together tonight at a time of ~~loss~~^{sorrow}.

Last week the Senate lost a good and honest man,
Lee Metcalf of Montana, ~~and~~ ^{Today} the flag of the
United States flew at half-~~staff~~^{mast} from this Capitol
building and from American installations and ships
all over the world, in mourning for Senator Hubert
Humphrey.

Many of you in this room worked with ^{Senator Humphrey} ~~him~~ every
day for most of your ~~adult~~^{in public service,} lives, and you will miss
him in a special way. But his ~~loss~~^{absence} is felt just as
keenly by millions who never met him, but whose lives
were touched and ^{made better} ~~improved~~ by his.

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Because he exemplified so well the ~~joy~~ joy and zest of living, his death reminds ~~each of~~ us not so much of our own mortality but of the possibilities offered to us by life. Hubert Humphrey always looked to the future with a ^{special} ~~particularly~~ American kind of confidence, [and harmony,] of hope and enthusiasm. The best way we can honor him is by following his example.

One year ago tomorrow, I walked from near this spot to the White House to take up the duties of President of the United States. I return tonight ~~in to~~ fulfillment of one of ~~the most important~~ of those duties: to "give to the Congress" -- and the nation -- "information on the state of the Union."

* →

I have come to speak to you about where we are, and where we must go -- ~~of~~ what we have done, and what

we must do -- and I have come to pledge my best efforts, and to ask you to pledge yours.

Each generation of Americans faces circumstances not of its own choosing, by which its character is measured and its spirit tested.

We cannot design our challenges, but we can determine the response we make. Whether our answers are fainthearted or courageous is entirely within our control. If we respond timidly we will regret our weakness.

There are times of crisis, when a nation and its leaders must bring their energies to bear on a single urgent task.

That was the duty Lincoln faced when our land was torn apart by ~~Civil~~ War. That was the duty

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twice faced by Franklin Roosevelt: ~~[in 1933]~~ when he led American out of economic depression, and again ~~[in 1941]~~ when he led America to victory in war.

There are other times when no single overwhelming crisis exists -- yet profound national interests are nonetheless at stake.

At such times the risks of inaction ^{can be equally} ~~[are also]~~ great. It becomes the task of leaders to call forth the vast and restless energies of our people to build for the future.

That is what Harry Truman did in the years after ^{Second} the World War, when we helped Europe and Japan rebuild themselves and secured an international order that has protected freedom from aggression.

> (Jackson insert)

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Johnson
the only addition I will
push (I've dropped the Bible
quote)

There are other times when no single overwhelming crisis dominates our vision -- yet profound national interests are nonetheless at stake.

At such times the risks of inaction are always great. It becomes the task of leadership to call for a rededication to our national purpose -- and to seize the opportunity to channel the vast and restless energies of our people toward building for the future.

That is what Harry Truman did in the years after the War, when he helped Europe and Japan rebuild themselves and secured an international order that has protected freedom from aggression.

Jackson Inset

It is what ^{Andrew} Jackson did when he advanced a vision of popular democracy against the rise of ~~corporate~~ privilege -- what Theodore Roosevelt did when he put forward progressive reforms against the growing heartlessness of the Gilded Age --

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I think it makes a enormous difference to the coherence of the beginning and to the richness of the tone, because
 (a) the additional historical allusion
 (b) the Wilson quote

what Woodrow Wilson did when he stood before the American people in 1913 and affirmed that "Our duty is to cleanse, to reconsider, to restore, to correct the evil without impairing the good, to purify every process of our common life."

We live in such times -- and face such duties -- now.

Militarily, politically, economically, and in spirit, the state of our Union is sound.

We are a great country, a strong country, a vital and dynamic country -- and so we will remain.

We are a confident people, a loving people, a decent and compassionate people -- and so we will remain.

We have come through a long period of turmoil and doubt. We have once again found our moral bearings and we *striving to express* are *true to* our best instincts in our dealings with the rest of the world. [We have peace not only abroad but also] at home,

*Because of
our strength, we are
at peace abroad.
We are also
at peace here*

We live in such times -- and face such duties --
now.

Militarily, politically, economically, and in
spirit, the state of our Union is sound.

We are a great country, a strong country, a
vital and dynamic country -- and so we will remain.

We are a confident people, a ^{hard-}working people, a
decent and compassionate people -- and so we will remain.

We have come through a long period of turmoil
and doubt. We have once again found our moral bearings
^{with a new spirit}
and ^{we} are striving to express our best instincts to
the rest of the world.

~~Because of our strength, we are at peace abroad.~~

We are ~~also~~ at peace here at home, where we are

are ~~re~~discovering the common good that binds us together as a people.

For the first time in a generation, we are not preoccupied with a major ^{inter}national crisis or domestic turmoil.

This ^{sense of unity} ~~success~~ cannot be ^{expressed} ~~measured~~ in programs, legislation, or dollars. It is, ^{an achievement} ~~a success~~ that belongs to every individual American. There is across this land ^{a sense of} ~~an inner~~ peace, triggered by ^{a strong common purpose} ~~a growing unity~~ in America. This unity towers over all our efforts here in Washington, and serves as an inspiring beacon for all of us elected to lead.

for p 7 →

← Together, we now have a rare and priceless

opportunity to address the basic and ^{persistent} ~~enduring~~ problems which have long burdened us as a nation, ^{and} which ~~grow~~ ^{became} quietly and steadily ^{worse} over the years when we were preoccupied with crisis.

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to p. 6

This new atmosphere demands ^a new spirit -- a newly defined partnership between those who lead and those who elect. The currencies of this partnership are truth, the courage to face hard decisions, concern ~~about~~ ^{for} one another, and a basic faith and trust in the wisdom and strength of the American people.

~~In this period of relative calm we have been given a chance to cleanse, to reconsider, and to restore the things that have too long been neglected.~~

(X)
to p 8

We must make the effort -- because if we do not aim for the best ~~we can achieve~~, despite our limitations and difficulties, we will achieve ~~much less than we can~~ very little.

As President I have asked you -- the members of Congress, and you, the American people -- to come to

grips with some of the hardest questions facing our society.

fm p. 7 (X) →

I see no benefit to the country if we wait, ^{make our later choices more difficult.}
for delay would simply ~~postpone necessary action~~

The problems would only grow worse, the needed solutions more drastic.

We need patience and good will, but patience must not become indifference, and good will must not become complacency.

There is a limit to the role and function of ^{Government} government. ~~It~~ cannot solve all our problems, set all our goals, or define our vision. ^{Government} ~~It~~ cannot alone ^{reduce inflation} eliminate poverty, provide a bountiful economy, ^{save} cities, cure illiteracy, provide energy, nor mandate goodness. Only a true partnership among us all can hope to reach these goals.

Those who govern can sometimes inspire, ^{and we can} identify needs, and marshal resources.

We must move away from crisis management and establish long range goals which will let us work with harmony and not dissension. Never again should we neglect an impending crisis like the shortage of energy, ^{where further delay will lead to more} forcing harsh and painful solutions. ~~to avoid increasing agony. Now we must act immediately -- all of us -- to stop wasting energy, to increase domestic production, and to shift to fuels which are more permanent and plentiful.~~

Day after day, month after month, our dependence on foreign oil drains from our economy resources we cannot afford to lose. Last year we spent \$45 billion for foreign oil. This ~~[economic]~~ dependence on foreign oil slows our economic growth, erodes the value of the dollar overseas, and aggravates inflation at home.

We know we have to act. We know what we must do: increase energy production, promote conservation, and shift consumption toward those fuels which are more permanent and plentiful. We must be fair to our people, and consistent with our long-range objectives for the economy and the budget.

I recognize the difficulties involved. I know it is not easy. But the fact remains that ~~[we have failed the American people.]~~ Almost five years after the oil embargo dramatized the problem, we still do

not have a national energy program. Not much longer
~~will our nation~~ ^{can we} tolerate this stalemate. ^{It undermines our national interest at home and abroad.} We must

succeed, and we will!

Our main task at home this year, with the energy
 policy ^{a central} ~~[its most crucial]~~ element, is the economy. —

^{We must}
~~to~~ ensure that recovery is sustained, that unemployment
 continues to decrease, and that the rate of inflation
 is reduced.

^{Last year}
 1977 ^{one} was a good year for the United States.

^{the} We reached ~~all of our~~ major economic goals ^{for 1977:} Four million
^{- an all time record -}
 new jobs were created, and the number of unemployed

^{Unemployment is at its lowest level since 1974, and not}
 dropped by more than a million. ~~not~~ since World War II

has such a high proportion of our people been employed.

The rate of inflation ~~has~~ declined. There was
 good growth in corporate profits and business

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investments -- the source of more jobs for our workers --
and a higher standard of living for all our people.

Workers' real wages increased substantially.

This year, our country will have the first two
trillion^{on} dollar economy in the history of the world.

We are proud of this progress, and determined to
sustain it.

~~But the traditional tools of economics have~~
~~no longer adequate,~~
~~failed us, and~~^{But} we still have severe problems, which
all of us must address together. Our trade deficit
is too large, inflation is still too high, and too
many Americans still cannot find work.

There are no simple answers for these problems.
They involve complicated questions of resources, ~~of~~
~~human behavior,~~^{and} ~~of~~ historical change, that are beyond

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the power of any government ^{fully} to control. But we have developed a coordinated economic policy that will work, because it is sensible, ~~it is~~ balanced, and ~~it is~~ fair. It is based on these four principles:

-- First, the economy must keep on expanding to produce the new jobs our people need. Only through steady growth can American workers ^{continue to} enjoy higher real incomes. ~~and~~ ^{The} fruits of growth must be widely shared.

^{must}
More jobs ~~will~~ be made available for those who have been by-passed until now, and the tax system must be made fairer and simpler.

--Second, private business, not the government, must lead the expansion.

--Third, we must lower the rate of inflation and keep it down. Inflation slows down economic growth, and it is ^{most} ~~cruelest~~ to the poor and to the elderly and others who live on fixed incomes.

-- Fourth, we must contribute to the ^{strengthen}~~health~~
of the world economy.

I will announce ~~my~~ proposals for immediate tax
reform and tax reduction ^{later}~~this weekend~~. We can make
our tax system fairer; we can make it simpler and
easier to understand; we can eliminate unwarranted
loopholes and special privileges; and at the same
time we can -- and will -- reduce the tax burden on
American citizens by \$25 billion!

The^e tax reductions are necessary to help us
continue the steady economic expansion that will
create the jobs we need.

^{Almost}
~~More than~~ \$17 billion in income tax cuts will
go to individuals. Ninety-^{six}~~nine~~ percent of American
taxpayers will see their taxes go down. For a typical

family of four this will mean an annual savings of
 -- a tax reduction of about 20%.
 more than \$250. A further reduction of \$2 billion in
 excise taxes will give additional relief and directly
 reduce the rate of inflation.

The rest of the total tax reduction will be
 cuts in business taxes to provide ^{strong} additional incentives
 for investment ^{through substantial cuts in corporate tax}
^{rates and improvements in the investment}
^{tax credit.}
 ¶ You have been called upon to sacrifice so that
 the Social Security system can be saved from bankruptcy,
 but these tax cuts will more than compensate for
 the necessary increases ^{in the} ~~to prevent bankruptcy of the~~
 Social Security ~~System~~ tax.

Our tax proposals will increase opportunity
 everywhere in this nation, ~~But, even in good economic~~
~~times we must create~~ ^{but} additional jobs for the
 disadvantaged, ^{deserve special attention.}

We have passed laws to assure equal access to the voting booth, the restaurant, to housing, and to jobs. But ~~[unless there is actual]~~ job opportunity -- the chance to earn a decent living -- ~~the other~~ is also a basic human right which we cannot and will not ignore. ~~lose much of their meaning.~~ ~~rights mean very little.~~

A major priority for our nation is the final elimination of barriers that restrict the opportunities available to Black people, ^{Hispanics,} and other minorities. We have come a long way toward that goal. There is still much to do. The legacy of the past must not be permitted to hamper our future. ^H Our commitment to equal opportunity is ^{strong} ~~undiminished~~. Our resolve is unshakeable to build an American in which all our citizens freely enjoy the benefits and responsibilities of democracy.

We can enhance harmony among our people, honor
^{to the jobless,} pay tribute to
 our commitment, and ~~honor~~ one of the most beloved
 leaders in the history of our nation -- by passing
 the ^{revised} Humphrey-Hawkins bill this year!

In our free economy, private business is still
 the best (new source of jobs. Therefore, I will
 propose to the Congress a new program ^{of} ~~which will~~
~~provide~~ incentives for businesses to hire young and
 disadvantaged Americans. These young people only
 need skills -- and a chance -- in order to take their
 place in our economic system. Let's give them the
 chance they need!

I am asking for a substantial increase in funds
 for public jobs for our young people, and when welfare
 reform is completed for creation of ^{more than a} ~~1.4~~ million jobs
 for those on welfare who are able to work. I am also

recommending that the Congress continue the public service employment programs at more than twice the level of a year ago.

My budget for 1979 addresses our national needs, but it is lean and tight.

It ~~proposes increased~~ Expenditures^{will increase} after adjusting for inflation of less than two percent -- the smallest ^{increase} ~~[growth in the Federal budget]~~ in four years.

I have cut waste wherever ~~I could~~ possible.

Over the past few years, Federal spending has absorbed a steadily increasing portion ~~grown steadily to absorb too much~~ of what Americans

The new budget reverses that trend, produce. ~~Next year I hope to bring the government's~~

~~share down, even further. We will reverse that trend~~

~~in the coming year,~~ and later I hope to bring ^{the} ~~the~~
^{government's share +}
~~government's share~~ down even further.

and a strong economy

In time of high employment, deficit spending should not be a feature of our budget. As the economy continues to gain strength and our unemployment rates continue to fall, revenues will grow. With careful planning, efficient management, and proper restraint on expenditures, we can move rapidly toward a balanced budget.

Next year the budget deficit will be only slightly less than this fiscal year -- but would have been \$15 - 20 billion smaller without the necessary tax cuts I have proposed.

This year the right choice -- the only proper choice -- is to reduce the burdens on taxpayers,

~~and ensure a vigorous economy,~~ and keep the unemployment

rate going down, ~~and~~ and promote vigorous economic growth necessary to reach a balanced budget as rapidly as possible.

The third element in our program is a renewed attack on inflation. We have learned that high unemployment will not free us from inflation.

P Government can help to revitalize private investment and can maintain a responsible economic policy -- both of them essential to sustained growth.

Through a ^{new} top level review ^{process} of ~~major regulations~~, we will ~~Government must also~~ do a better job of reducing excessive ^{government} regulation that drives up costs and prices.

But government alone cannot bring down the rate of inflation. ^{when a level of high} ~~a high rate of~~ inflation is expected to continue, Companies raise prices to protect their profit margins against prospective increases in wages and other costs while workers demand higher wages as

protection against expected price increases. It's like escalation in the arms race, and, understandably, no one wants to disarm alone.

No one firm or group of workers can halt this process. It is an effort we must make together.

I am therefore asking government, business, labor, and other groups to join in a voluntary program to moderate inflation by ^{holding} reducing the rate of wage and ^{each sector of the economy during} price increases in 1978 below the ^{average} rate ~~each group~~ ^{of} averaged in the last two years.

I do not believe in wage and price controls. A sincere commitment to voluntary constraint ~~My proposals~~ provides a way -- perhaps the only way -- to ^{fight inflation} ~~achieve results~~ without government interference or coercion.

A successful economic program at home is also the key to success in our international policy. Adopting an effective energy program, encouraging investment and productivity, and controlling inflation will improve our balance of payment position and protect the integrity of the dollar overseas. A strong U.S. economy will promote recovery throughout the world.

By working closely with our friends abroad we can promote the health of all our nations, and conclude fair and balanced agreements lowering barriers to trade.

^{Despite}
~~Even as~~ the inevitable pressures ^{which} develop when
 the world economy suffers from high unemployment, ^{we must} ~~as~~
~~it does today, I will~~ firmly resist the demands for
^{self-defeating}
 protectionism. But free trade must also be fair trade.

am determined to
I ~~will~~ protect American industry and workers against
unfair or illegal foreign trade practices.

In our other domestic initiatives, our aim
will be to deal with the questions that have been
too long neglected, to seize the opportunity to
correct mistakes and to prepare for a better future.
We will seek reform of our labor laws, and the
establishment of an agency to protect the nation's
consumers. We will reform our programs of nuclear
licensing, crop insurance, and leasing on the outer
continental shelf, and improve the basic skills of
our children with a major education initiative.
We will be working to reform our welfare system, and
to begin considering an urban policy and a national
health care system. And we will seek to preserve our
last great frontier wilderness by creating national

parks and wildlife refuges from 92 million acres of Alaskan public lands. Not since the days of Theodore Roosevelt [~~and Gifford Pinchot~~] have we had such an opportunity to protect and preserve our natural heritage.

During these past years we have seen our government grow far from us.

For the average citizen it has become like a foreign country, so strange and difficult that often we have to deal with it through trained ambassadors -- lawyers, lobbyists, and accountants.

This cannot go on.

We must have what Abraham Lincoln sought -- a government for the people.

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~~And you in the Congress have helped me make~~
Together we have made
progress toward that kind of government. You have

given me the authority I requested to reorganize the
Federal government bureaucracy, and I am using it.

~~We have already completed~~ *Three* reorganization
were completed last year
plans_A and I will present several others to the
Congress for action this year.

We have proposed abolishing almost 500 ^{*federal*} advisory
commissions and boards.

But our people are still sick and tired of
Federal paperwork and red tape. Bit by bit we are
chopping down the thicket of unnecessary Federal
regulations by which government too often interferes
in our personal lives and business. OSHA alone has

eliminated more than a thousand unneeded regulations,
and overall we have cut the public's ^{federal} paperwork load
by 12 percent.

We have made a good start on turning the
gobbledygook of Federal regulations into plain
English that people can understand, but we still have
a long way to go.

We have brought together parts of eleven
government agencies to create the new Department of
Energy -- and now it is time to take another major
step by creating a separate Department of Education.

Next month, I will submit to Congress a plan
to reduce discrimination in employment, and other plans
will be submitted later this year.

But even the best-organized government will only be as effective as the people who carry out its policies.

For this reason, I consider Civil Service reform to be absolutely vital.

~~Work~~ed out with the civil servants themselves, these changes will reward excellence by restoring the merit principle to a system which has grown, over the years, into a bureaucratic maze. This will protect our civil servants, provide greater management flexibility, and increase incentives for good performance.

Then and only then can we have a government that is effecient, open, and truly worthy of our people's understanding and respect.

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I have promised we will have such a government.

I will keep that promise.

* * *

In our foreign policy, ^{the} ~~this~~ separation of our people from ~~the~~ government has been a source of weakness and error. In a democratic system like ours, foreign policy decisions must be able to stand the test of public scrutiny and debate. If we err in this administration, it will be on the side of frankness and openness.

In our modern world when the deaths of millions can result from a few terrifying seconds of destruction, ^{the path to} ~~national~~ strength and security is identical with the path to peace.

Tonight our nation is at peace with the world.

We are strong and confident. We have restored a moral basis for our foreign policy. The heart of our identity as a nation is our ^{firm} commitment to human rights.

We expect no quick or easy results, but there has been ^{significant} ~~some~~ movement toward greater freedom and humanity in ^{several} ~~some~~ parts of the world.

Thousands of political prisoners have been freed. ~~ten thousand in Indonesia alone.~~ The leaders of the world -- even our ideological adversaries -- now see that ^{their attitude toward} ~~protection of~~ fundamental human rights affects their standing in the international community and their relations with the United States.

We stand for human rights because we believe that
the purpose of government is to promote the well-being

of ^{its citizens} ~~individuals~~. This is true in our ^{domestic and in} ~~foreign as well~~

^{foreign} as our ~~domestic~~ policy. The world must know that
in support of human rights the United States will stand ^{firm.}
~~The cause of human rights will never die!~~

* * *

To serve the interests of every American, our
foreign policy has three major goals.

Our first ^{and} prime concern, ~~like that of previous~~
~~Administrations,~~ is and will remain the security of
^{our country.}
~~every American.~~

Security is based on the strength of our armed
^{militarily} forces. And ^{we} are strong. ^P Security also comes through
the strength of our alliances. We have reaffirmed
our commitment to the ^{defense} ~~security~~ of Europe, and this year
we will demonstrate that commitment by ^{further} ~~modernizing~~
and strengthening our ^{military} ~~defense~~ capabilities there.

~~And our Security is~~ ^{can also be} enhanced by ~~negotiations and~~ ^{threat} ~~arms control~~

~~agreements which~~ ^{measures that} reduce the ~~changes~~ ^{threat} of nuclear disaster

while maintaining our ^{own} relative ~~strength~~ ^{strategic capability}.

~~We will continue~~ ^{In} our peaceful competition with
the Soviet Union, ~~and we~~ ^{we} ~~will~~ ^{continue to} hold our own.

At the same time, we are negotiating with quiet confidence, without haste, with careful determination, to ease the tensions between us and to ensure greater stability and security.

The Strategic Arms Limitation Talks have been difficult and prolonged. We want a mutual limit on both the quality and quantity of the giant nuclear arsenals of both nations -- and then actual reductions in strategic arms capability as a major step toward ultimate elimination of nuclear weapons from the face of the earth.

If the talks result in an agreement this year -- and I trust they will -- I pledge to you that the agreement will maintain and enhance the security of

the United States, and the stability of the world's strategic balance.

We are also making progress toward a comprehensive ban on nuclear explosions.

For 30 years, concerted efforts have been made to ban the testing of atomic explosives -- both military weapons and peaceful nuclear devices. And for 30 years that objective has eluded us.

But now we are hard at work with Great Britain and the Soviet Union ^{on} ~~to reach~~ an agreement which will stop ~~all~~ testing, ^{and} will protect our national security, and will provide for adequate verification of compliance.

~~And we are also working vigorously to halt proliferation of nuclear weapons among other nations of the world.~~

But the moral basis of our foreign policy is suspect when we are the principal arms merchant of the world.

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*improvement
draft*

We have decided to cut down our arms transfers abroad, on a year-by-year basis, and to work with other major arms exporters to reduce this deadly traffic.

*revised section
ok*

We are also working vigorously to halt the proliferation of nuclear weapons ^{among the nations of the world,} and ^{to} reduce the deadly global traffic in conventional arms sales. Our stand for peace is suspect if we are also the principal arms merchant of the world. So we have decided to cut down our arms transfers abroad, on a year-by-year basis, and to work with other major arms exporters to encourage their restraint.

Every American ~~has~~ has a stake in our second major goal -- a world at peace. In a nuclear age, each of us is threatened when peace is not secured.

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We are working hard to promote peaceful reconciliation in those parts of the world where major differences ^{among other nations} threaten international peace.

In the Middle East, ^{we} ~~President Sadat has taken~~
~~a bold initiative in going to Jerusalem -- and Prime~~
~~Minister Begin is moving to take advantage of this~~
~~historic opportunity for a comprehensive peace. We~~
are contributing our good offices to maintain the momentum of the current negotiations -- and to keep open the lines of communications among the Middle East leaders. The whole world has a great stake in the success of these efforts. This is a precious opportunity for the historic settlement of longstanding conflicting ideas -- an opportunity which may not come again in our lifetime.

Our role has been difficult and sometimes controversial, but it has been constructive and necessary -- and it will continue.

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Our third major foreign policy goal is one that touches the life of every one of our citizens, every day: world ¹economic growth and stability.

This requires strong economic performance by the industrialized democracies and progress in resolving the global energy crisis. Last fall, with the help of others, we succeeded in our vigorous efforts to maintain stability in the price of oil. But as many foreign leaders ~~who share our concerns~~ have emphasized, the greatest future contribution America can make would be an effective energy conservation program.

Americans will benefit as well from ~~progress~~ at the multilateral trade negotiations. We will continue to protect American industries and American workers from unfair foreign competition. We must also seek

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new markets by helping reduce the restrictions on world trade. A return to protectionism would threaten the livelihoods of millions of Americans.

~~In the long run, a strong international economy~~
We are trying to develop a more
~~must reflect a just international system.~~ In this

are supporting
spirit, we ~~have aligned ourselves with~~ the struggle for human development in Asia, Africa, and Latin America.

We are changing the emphasis of our assistance programs so that as much of our aid as possible goes *directly to meet the* ~~toward meeting the~~ simple human needs of the world's poor for food, for shelter, for basic education, and for health care.

We can make progress on all these issues, if American plays the constructive role its international leadership requires. I am confident that the Congress will work with the Administration in responding to this challenge.

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Finally,
 The world is watching to see how we act on one
most important
 of our ~~first~~ items of business: approval of the
 Panama Canal Treaties. The treaties now before the
 Senate are the culmination of the work of ~~six~~ *four* Administrations--
~~three~~ *two* Democratic and ~~three~~ *two* Republican. They ~~provide~~ *guarantee*
 that the canal will be open always for unrestricted
 use by the ships of the world. Our own ships have
 the right to priority of passage in times of need or
 emergency, ~~and~~ *We* have the right to defend the canal
 with our military forces if necessary to guarantee
 its openness and neutrality. The treaties are to the
 clear advantage of ourselves, the Panamanians, and the
 other users of the canal. ~~The Senate's~~ *Ratification*
 of the Panama Canal treaties will show our good faith
 to the world, discourage the spread of hostile
 ideologies in Latin America, and directly
 contribute to the ~~economic and~~ economic
 wellbeing and security of the United
 States.

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in India, where I met people as passionately attached to their rights and liberties as we are -- but whose children have a far smaller chance for health, education, and human fulfillment than a child born in this country. The other was in Warsaw, capital of a nation twice devastated by war in this century. There, people have rebuilt the city which war's destruction took from them; but what was new only emphasized how much had been lost. What I saw in those two places crystallized the purposes of our own country's policy: to ensure economic justice, to advance human rights, to solve conflicts without violence, and to proclaim our constant faith in the liberty and dignity of human beings everywhere.

We Americans have a great deal of work to do together.

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In the end, how well we do that work will depend on the spirit in which we approach it.

We must seek fresh answers, unhindered by the stale and ~~backward looking~~ prescriptions ^{of the past.} ~~that are~~ offered in the name of "liberalism" or "conservatism."

We must temper the demands of special interests with an understanding of what is right for society as a whole.

We must bring forth the goodness and concern and commitment that are within us and make them the basis of our common life.

That will take nothing less than the new spirit I have asked for tonight. Without it we put the very soul of our Nation at risk.

It has been said that our best years are behind us, but I say again that our Nation's best is still ahead. ^{We have emerged} ~~As we emerge from our~~ bitter experiences ~~with~~ Viet Nam and Watergate we are chastened but proud, confident once again, ready to face challenges once again, united once again.

Our task, in the words of Hubert Humphrey, is "reconciliation, rebuilding, and rebirth."

Reconciliation of private needs and interests into a higher purpose.

Rebuilding the old dreams of justice and liberty, of country and community.

Rebirth of our faith in the common good.

Each of us here tonight -- and all who are
listening in their homes -- ^{must} ~~need to~~ rededicate
ourselves to serving the common good. We are a
community, a beloved community, ^{all} ~~[the greatest and~~
~~the least]~~ of us; our fates are linked; our futures
intertwined; and if we act in that knowledge and
^{that} ~~a new~~ spirit we can move mountains.

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